4:Grajdanzev--28-29 S-4 (no date) 1942 Formosans
116, 168, 609, 701, 177.17 Japan
636.17

"Greater numbers of Japanese in Taiwan are necessary both for military reasons and for the speedy 'japanization' of the islanders. The military considerations advanced by Takahashi [29] are very interesting for they show that, in spite of forty-five years of Japanese domination, there is still a certain anxiety concerning the loyalty among the Japanese rulers of the Chinese. The island is highly militarized and accustomed to martial discipline and yet the Japanese still consider it necessary to strengthen it militarily. But even Takahashi puts greater stress on the 'japanization' of the natives than on the Japanese immigration. After forty-five years of Japanese domination, after their continuous efforts to increase the number of Japanese there and to 'japanize' the natives, the island remains predominantly Chinese in character, the Japanese forming only about five per cent of the total population, and this state of affairs is bound to continue as long as the natural increase of the Chinese remains at its present high level."

31: Hofmann--627 [2] N-3 (1909) 1912 Formosans
116, 701

When we had returned to the valley... we watched a parade of the guards. These men are stationed along the boundary; they are Chinese who have been drilled by Japanese officers and evidently have had an excellent training.

87 is subject to the permission of the educational authorities of the government.

New requirements in the courses offered in all levels of schools -- non-academic labor and military training -- are recent implementations of the educational program. All primary and secondary schools are required to provide vegetable gardens, workshops, implements, tools, machines, etc., in order that students may learn the habit of manual work and productive efforts. Efforts are being made to achieve closer coordination between the school and the community and between vocational schools and factories or farms.

87 Needs of the time, especially in Formosa, clearly indicate the necessity for military preparedness. The Ministry of Education is of the opinion that educated people should be prepared to serve on the home front if they are not to serve in the front line. Students of all schools above junior middle-school level are required to take military training at school and upon graduation Girls are required to take nursing instead of 87 military training. As of 1954, more than 90 per cent of the schools at junior middle-school level were giving scout training, and there were approximately 8,876 Boy Scouts and 3,084 Girl Scouts[14] in Formosa.

---

14. Chung-hsin Ch'en "T'ai-wan-sheng T'ung-tzu-chun Chiao-yu Kai-k'uang, " ["Boy Scout Education in Taiwan"] Chiao-yü Yü Wen-hua [Education and Culture Weekly], Vol.6,No.10, pp.9-11.

642
433 For the main cause of inflation is the huge deficit in the national budget, which is strainted by nearly one million men in the armed forces.

701 The upkeep of such a huge military force accounts for the most crucial question raised by political observers: are the Formosan people willingly supporting the military program of the government? Contrary to speculation, the answer is affirmative. Foreign visitors are practically unanimous in stating the lack of interest among the Formosans in the liberation of the Mainland. This is true although such sentiment has not been openly expressed as the result of the rigid government control of all media of public expression. Nevertheless, another facet of the question, the need of a strong military force to defend the island, has never been debated. The farmer in Formosa now owns the land he cultivates, however small the acreage, and enjoys the fruits of his own labor. He certainly does not cherish the propsect of being chained to a collective farm, and laboring under the whip of political cadres. The industrial developments of recent years have provided opportunities for an increasing number of people and given rise to a new business and industrial class. The Formosans are both resourceful and industrious. They will be loath to see their prosperous land overrun by Communism, suffer deprivations similar to those found on the Mainland. It is quite certain that Formosans will resist Communist aggression, and that they will defend the offshore islands too. The best evidence of the unequivocal support of the Formosans to the government is the response of young Formosans

701 to military call. Up to now, 90,000 Formosans have been drafted into the army to replace aging Nationalist veterans.[16]

648 642 It seems clear that the Formosans do not have much sympathy for the Communists, although they realize that there is little prospect of their island becoming really independent. They also realize that, as more and more of them are being absorbed into the government and as the Mainlanders are aging, it is only a matter of time before they will win full control of the island.[17] They may differ with the Government in regard to its policy of liberating the Mainland, but they take comfort in President Chiang's assurance that it would not take place yet for some years. As more and more Formosans are inducted into the armed forces, more changes will take place in the Nationalist overall policy for the island. The principal aspirations of the Formosans at this moment are: more self-government, greater freedom of expression, and greater economic security. Their immediate apprehension is a runaway inflation. They are fearful that the Nationalist Government might plunge the island into bankruptcy, as it did on the Mainland in the years following the war, paving the way for Communist conquest.

---

16. Time, op. cit., p. 34. 72,000 young Formosans were drafted from February to July 1955.

17. Manchester Guardian, Vol. 78, No. 13, Sept. 29, 1955, p. 14.

AF1 China
FORMOSA AD 1

652 National Taiwan Dollar was introduced,[20] replacing the old currency at a ratio of 1:40,000. Fixed at an official exchange rate of four to one United States dollar, the new issue amounted to NT$200,000,000.[21] Authorized by the Nationalist government and handled by the Taiwan Provincial Bank, its 100 per cent reserve was provided by the former out of its Central Bank reserve fund [22] brought over from the mainland.

Implementing the currency reform were a number of deflationary measures. By selling government-owned commodities, confiscated Japanese properties, and bonds, and conducting lotteries, a total of NT$25,740,000 was siphoned from circulation.[23] Between June 1949 when the reform was instituted and October 1950, the note issue, including subsidiary and fiduciary issues, rose 824.95 per cent, while the wholesale commodity index price of Taipeh rose 330.36 per cent.[24]

Since its transfer to Taiwan, the Nationalist government's expenditures have been reduced considerably. On its administrative staff today are but a few 701 thousands of essential personnel. The maintenance of its armed forces is the largest item.[25]

652 655 Nationalist financial requirements are met by the sale of government-owned properties, customs receipts, revenues

[20] See Currency Reform Ordinance of the Taiwan Provincial Government*, June 15, 1949.

[21] *Ibid.* The issue was subsequently increased another NT$50,000,000. The present exchange rate fluctuates around eight Taiwan dollars for one United States dollar.

[22] About US$200,000,000 in August 1948. See *China Handbook 1950*, p. 479.

[23] The figure is based on Bank of Taiwan statistics as of June 1950.

[24] *Taiwan Today*, cited note 11 *supra*, p. 71; also cf. *Taiwan Reconstruction**, cited note 12 *supra*, pp. 63–64.

[25] In his Administrative Report of October 3, 1950, Premier Chen Cheng disclosed that some 150,000 men were discharged during the

[P. 217 (A)]

52:Steiner S-4 (no date) 1951
AF1 China
FORMOSA AD1

871 *chu-i.*[46] "Nationalist concepts" are to be strengthened by means of the National Language or "Speak Mandarin" movement,[47] by enhancement of civic, history, and geography lessons with "glorious historical events," and by supplementary teaching material relating to Russian aggression committed on China. The program of reconstruction calls for specified training to meet the needs of local self-government, economic development, and military requirements. The "defeat Communism" projects include anti-infiltration organizations, anti-Communist propaganada, and youth service groups. The extension program deals with the mobile library, audio-visual demonstration, and other measures of adult education. Just how far these programs have been carried out and how the students react to them cannot be ascertained at this moment, for lack of sufficient data.

Defense Policies

701 The security forces of Taiwan are largely composed of army, navy, and air units transferred from mainland China. They are augmented by Taiwan youths inducted through a system of selective service and the provincial police. For lack of conclusive data, the discussion will be confined to local conscription and police administration.

702 Selective service in Taiwan is administered in accordance with a number of national laws[48] and provincial regula-

[46] For a brief summary of *San-min chu-i*, see *China Handbook 1950*, pp. 238–39; Paul E. Eckel, *The Far East Since 1500* (New York, 1950), pp. 477–80; Paul H. Clyde, *The Far East* (New York, 1948), pp. 512–17. For complete text, see F. W. Price, *San-Min-Chi-I*, Shanghai, 1927.

[47] *Taiwan Reconstruction**, Vol. 1, pp. 143–46.

[48] National laws include: (1) Universal Military Service Ordinance of the Republic of China*, Oct. 10, 1946; see *National Govern-*

[P.221(A)]

52:Steiner S-4 (no date) 1951
AF1 China
FORMOSA AD1
702

tions.[49] In drafting the local youths, certain indigenous wishes have been taken into account. Among them are: (1) Selectees shall be used to establish new army units. Unless absolutely necessary, they shall not be employed to fill the deficient ranks in the National armed forces. (2) The initial number to be called shall not exceed 35,000 for the year 1950 and shall be confined to seventeen- and eighteen-year-olds. (3) Inductees shall be released from service in accordance with the National Universal Military Service Ordinance.[50] (4) Noncommissioned officers and officers of field grades shall be selected from among natives of Taiwan to the fullest extent possible. (5) Effective preferential treatment of inductees' families shall be enforced.[51]

701

A review of military service administration indicates a conformity to these conditions, particularly with reference to inductees' families. They are given a monthly allowance equivalent to 35 per cent of an inductee's pay; six piculs of rice per annum; free education in

ment Gazette, No. 2624; (2) Regulations of Preferential Treatment of Servicemen's Families*, Sept. 15, 1941; subsequently augmented by a series of detailed regulations governing family allowances, grain allowances, and so forth.

[49] Provincial regulations, promulgated in 1949 and since, govern registration, physical examination, preferential treatment of the serviceman's family in allowances, grain allocations, and priority in leasing public lands for cultivation, duration and rotation of service, procedure of induction through lot-drawing, selectees' reception centers, and so forth.

[50] The Ordinance* provides service periods ranging from eighteen months to three years varying with different branches of the armed forces.

[51] For a general description of military conscription, see *Taiwan Reconstruction*, cited note 12 *supra*, Vol. 1, pp. 12–18. For an official account of military conscription, see Taiwan Provincial Government, *A General Description of Military Conscription*, Taipeh, 1949.

p. 221 (B)

AF1 China
FORMOSA ADI

701 government schools; free medical clinic service with 50 per cent discount on surgery; retention of vacated jobs; priority in leasing public lands for cultivation; and priority in loans for co-operative enterprises. A major part of expenditures for this program is borne by provincial, municipal, and county government.[52]

Police System

625 The police administration of Taiwan follows a centralized system. The province is divided into a number of police districts and patrolled by a police force commanded by the Department of Police of the Provincial Government. Its jurisdiction also extends to harbor and railroad patrol. The exact size of the police force is not known.[53]

Nationalist policies have been directed mainly toward the improvement of the service. The over-all emphasis on security, centrally administered, has not been changed. Briefly, the average educational qualifications of the officers of the police have been raised. Of 3,109 officers, 72 per cent are graduates of colleges or technical or military schools of college standing. Native Taiwanese in the service are being promoted. Salaries and in-service training are being stepped up. A police school, managed by the national authorities and financed by the provincial government, has been in operation since 1948.[54] In addition, since 1947 an "economic police" has been engaged in detection of currency forgeries, underground financial operations and black-marketing, bootlegging of liquor,

[52] *Taiwan Reconstruction*, Vol. 1, p. 15.

[53] Department of Police, *Police and Public Safety*, Taipeh, 1949. The Department of Police estimated a police force of 13,000 under the Japanese, but did not disclose the Nationalist figure.

[54] For data in this paragraph, see *Taiwan Reconstruction*, Vol. 2, pp. 331–44.

[P.222(A)]